

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)

Administration of Federal Universal
Support Mechanism)

Federal-State Joint Board on
Universal Service)

USAC Plan for Reorganization)

CC Docket No. 97-21

CC Docket No. 96-45

DA 98-1336

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

REPLY COMMENTS OF AMERITECH

Ameritech submits these reply comments in response to the Commission's Public Notice on the proposed consolidation of the administration of federal universal support mechanisms.¹

I. COMMISSION SUPERVISION OF ADMINISTRATIVE DECISIONS.

While Ameritech has no major objection to the proposed merger of the Schools and Libraries Corporation ("SLC") and the Rural Health Care Corporation ("RHCC") into the Universal Service Administrative Company ("USAC"), it must echo the concern of other parties that the entity administering federal universal service funds not continue to exercise improper control over the universal service program by effectively promulgating new rules and guidelines through its decisions.² As BellSouth notes, because of the pressures involved with implementing the Commission's universal service programs, administrative disbursement decisions have been

¹ Public Notice, *Common Carrier Bureau Seeks Comment on Administration of Federal Universal Service Support Mechanisms*, CC Docket Nos. 97-21 and 96-45, DA 98-1336 (released July 15, 1998) ("Public Notice").

² See, e.g., the comments of BellSouth and US West.

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made which have effectively resolved some complex eligibility issues that should have been resolved by the Commission itself.³

This problem, however, is not one that is likely to be remedied simply by the proposed revised administrative structure. Review of USAC division decisions should not involve a complex series of steps which could ultimately defeat necessary Commission supervision. Otherwise, there is a very real danger of backdoor rulemaking by the fund administrator. To solve this problem, the Commission must retain direct and immediate supervision of USAC division decisions.

Ameritech agrees with BellSouth that all disputes concerning administration of the universal service program should be heard in the first instance by the Commission. Where there is no novel question of fact or law or policy, review by the Common Carrier Bureau pursuant to delegated authority would be appropriate. In this manner, more direct guidance may be provided to USAC on important questions that could ultimately have a significant impact on the Commission's universal service programs.⁴

In this regard, as SBC points out in its comments,⁵ it is also important that the Commission establish a mechanism for reviewing prior decisions of the current fund administrators. As both US West and BellSouth note, certain of those decisions are significant in their apparent deviation from requirements established in the Commission's own orders and

³ BellSouth at 3-4; see also US West at 6-9.

⁴ In addition, the Commission should not adopt its proposal to require a super-majority of the USAC Board to override a decision of one of its divisions. The proposal would simply tend to insulate divisions from accountability for their actions.

⁵ SBC at 3-4.

rules.⁶

With these modifications to proposed changes in the administration of federal universal service funds, the Commission can ensure that the disbursement of the substantial amount of federal telecommunications subsidies is accomplished in strict compliance with the law and the Commission's orders and rules.

II. INDUSTRY REPRESENTATION.

In its reexamination of the composition of the USAC Board, the Commission should also reconsider the manner by which members are appointed to the Board. Specifically, Ameritech agrees with BellSouth that Board members who are to represent certain industry segments should be selected by the professional or trade organization of the industry group or segment which they are to represent. For example, the LEC representative should be selected by USTA. This will ensure that the Board's decisions will reflect a deliberation that results from a dialog among Board members that truly represent the interests of their respective industry segments.

Respectfully submitted,

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⁶ See note 3, *supra*.

CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Reply Comments of Ameritech has been served on all parties listed on the attached service list, via first class mail, postage prepaid, on this 12th day of August, 1998.

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